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SUBJECT: POLAND'S PLANS FOR A CIVIL NUCLEAR PROGRAM

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¶1. (SBU) Summary: The Polish government has committed to develop a nuclear power sector, driven by CO2 emissions constraints and reluctance to rely on imported energy. Prime Minister Tusk recently announced his intention to have two reactors up and running by 2020; an ambitious target for a country lacking experience and expertise but one which may be necessary to comply with recently adopted EU emissions targets. A timeline for further development leading out to 2030 is in the new energy strategy paper awaiting approval by the PM and his cabinet. Most importantly, the draft strategy includes provisions for government financing (with help from EU funds) of preparatory work over the next four or five years resulting in a bidding process for the private sector to construct and maintain nuclear facilities (expected to take another five or six years). These plans are unaffected by developments on Ignalina, where Poland plans to participate in a project to replace Lithuania's ageing nuclear plant. End Summary.

Strategy and Timeline

¶2. (U) Ministry of Economy officials who currently have the lead on nuclear policy anticipate the government's energy strategy to be approved sometime in the first quarter of 2009. This would kick off a six month period of public discussion on nuclear power before a formal decision is made to go ahead with a program in the third quarter of 2009. Polling shows support for nuclear power at around 60%, higher among younger generations. There is no real opposition movement here (as elsewhere in Europe) but the issue has not been in the headlines in recent years and poll numbers are likely to shift. However, officials believe they will maintain sufficient public support to move forward.

¶3. (U) Following a formal decision on nuclear power, a new agency would be created to oversee the program. Polish officials plan to model this agency on IAEA draft recommendations for a "Nuclear Energy Program Implementation Organization" (NEPIO). Agency responsibilities would encompass development of the human capital necessary to support a nuclear program, including regulatory and oversight capacity; an area where the Poles specifically would like our help. The agency would also work on site selection, development of a legal and regulatory framework, as well as bidding requirements. In the plan's current iteration, the NEPIO would transition authority to a regulatory body and private owner/operator upon completion of the first nuclear power plants.

Construction and Potential Participants

¶4. (SBU) Construction would be bid out to international competition, with financing support from the government, EU climate funds, and quasi-governmental companies such as Poland's largest current energy producer and distributor, Polish Energy Group (PGE). Currently PGE, Suez Energy, RWE energy, EDF, Westinghouse, and GE have been in contact with the Polish government regarding potential participation. Prior to the Prime Minister's most recent announcement, the Ministry of Economy announced two preliminary locations for potential nuclear facilities in Poland, Zarnowiec and Klempicz. These sites currently have coal-based power plants. Poland does not currently have the local capacity or experience to

take on a construction process on the scale of a nuclear power plant, nor is it a producer of nuclear fuel. While generally open to international competition, government authorities will likely be wary of Russian participation in a nuclear program.

Authorities and Decision-Makers

15. (SBU) Currently, nuclear issues are regulated by the National Atomic Agency, headed by former nuclear safety inspector Professor Jerzy Niewodniczanski. The agency primarily looks after issues of safety related to potential sources of radiation and the old Soviet research facility (Swierk) which is currently being dismantled with US DOE assistance. Indicative of the lack of experienced nuclear professionals in Poland, the agency's sole remaining inspector (out of 104 employees) announced he is leaving his half-time position after the holidays.

16. (SBU) The political decision to move forward with nuclear power will likely be taken by Prime Minister Tusk, with advice from his energy advisor Maciej Wozniak. Formal authority over energy rests with the Ministry of Economy headed by Deputy Prime Minister Pawlak who also leads the minority coalition partner in the parliament. Minister Pawlak's party primarily represents rural interests and is rumored to be less enthusiastic about nuclear power in favor of bio-fuel alternatives and the country's current fuel of choice, coal (over 90% of power generation). The Ministry's Office of Energy Diversification currently has the lead under Minister Pawlak. Department Director Chwas shares responsibility with Dr. Jastrowski, an advisor to the Ministry on nuclear issues and Poland's

representative to the IAEA.

17. (SBU) Comment: Poland is clearly in early stages of development and the government's ability to follow through on a long-term commitment may be limited by their short-term focus and historically frequent turnover. However, with the recent passage of the EU's energy climate package, the GoP will undoubtedly be looking more seriously at nuclear power. There seems to be an appetite for U.S. input into the process, particularly as decision-makers may be wary of third-country governments simply pushing products rather than providing honest advice. As this moves forward we anticipate opportunities for U.S. private sector participation at each stage of the process. Post would encourage outreach and engagement of the newly established U.S. Trade Promotion Coordinating Committee.

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